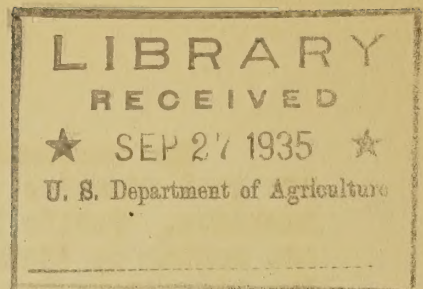


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MORE INFORMATION IS AVAILABLE
TO CONSUMERS

A radio speech by Dr. Calvin B. Hoover, Consumers' Counsel of the Agricultural Adjustment Administration, broadcast on Wednesday, September 4, 1935, over the Home Demonstration program of the Farm and Home Hour.

Consumers have had the reputation a long time for not knowing on which side their bread was buttered. Only last year the American Academy of Political and Social Science brought out a volume called 'The Ultimate Consumer' --- and subtitled it 'A Study in Economic Illiteracy'!

But now the evidence is accumulating that consumers are beginning to wake up.

The records of the Readers' Guide to Periodical Literature show that in the one year 1933-34 more than eight times as many articles on consumers and the economics of consumption were published in American magazines than in the whole first twenty years of the 20th century put together. In that year consumers earned for the first time a separate classification in the Readers' Guide. Articles began to appear almost every month in the magazines under such titles as 'Consumer Comes of Age', 'Enter the Consumer', etc. There has been a gain, too, in the more practical concrete instructions that help consumers know on which side each individual piece of their bread is buttered.

One form in which this kind of information has been coming for a good many years is the bulletins published by such Government Agencies as the Public Health Service, the Office of Education, the Children's Bureau, the Bureau of Labor Statistics, and many bureaus in our own Department of Agriculture.

The emergency agencies, by their very organization to correct economic lack of balance, have made protection to the consumer an obvious necessity. This has resulted not only in the contributions of the emergency agencies to the consumer literature but has perhaps also directed more of the efforts of the older agencies to the problems of consumers than in the past. Four recent bulletins published by the Department of Labor on the organization and management of consumer cooperative societies of different kinds are good examples of new information from the old agencies.

Among the contributions of the emergency agencies themselves are bulletins from the Farm Credit Administration on establishing credit unions, and the bi-weekly Consumers' Guide, a magazine for consumers published by the Consumers' Counsel office in the Agricultural Adjustment Administration. The Consumers' Division of the National Emergency Council through its 200 local county consumer councils has had a hand in spreading existing information as well as developing new.

The purchasing leaflets of the American Home Economics Association are good examples of literature on consumer problems from non-governmental agencies. Public libraries in a number of towns all over the country are making up 'Consumers' Shelves'. National women's organizations gather the literature together and make up study courses on consumer problems. Practical consumer information, drawn often from official Government sources, appears in the home-making columns and even the advertising columns of newspapers and magazines.

The printed word on labels is another type of consumer literature which is of increasing importance to consumers. The many informative labels now appearing on clothes and textiles and food are leading the way. Some of these labels bring at least to the consumer the grades which the Bureau of Agricultural Economics in the Department of Agriculture has been working to provide to producers and distributors of food for fifteen years. During the last two years Government A B C grades have been put on the canned fruit and vegetables of several chains of retail grocery stores and the products of some other individual canners. Still other groups of stores have shown their willingness to adopt more descriptive labeling.

Radio has taken its place with the printed word in disseminating consumer information. The Department of Agriculture sends the fruit of Government researches out over the Farm and Home Hour. The Department's regular Friday afternoon dialogue in cooperation with the General Federation of Women's Clubs is addressed directly to consumers. Perhaps the outstanding example of the use of radio for consumers in a large city is the Consumers' Division of the Department of Markets in New York City which each morning puts on the air over twelve radio stations the results of the night's study of the fruit and vegetable and meat and fish markets. Not only can the housewives all over the city plan their meals and do their marketing with the knowledge of what are the best buys in the market for their money, but it helps the farmer by avoiding gluts of produce on a swamped market.

I could keep on giving more and more examples of the new thirst for consumer information and how it is being satisfied. The only limit the future can set to the growth of this movement will be set by the interest of consumers themselves in it.

WHAT ABOUT BREAD PRICES?

A radio interview between an officer of the General Federation of Women's Clubs and Mr. Donald E. Montgomery, Consumers' Counsel of the Agricultural Adjustment Administration, broadcast on Tuesday, October 22, 1935, at 4:45 P.M. over the Red Network and supplementary radio stations of the National Broadcasting Company.

ANNOUNCER:

This is Consumer Time! Each Tuesday afternoon at 4:45, Eastern Standard Time, we bring you a discussion of the problems people are facing as consumers these days. Today the problem is one that comes very close to home -- the price of bread. Bread prices have gone up in some cities and are threatening to go up in others. Mrs. Josephine Junkin Doggett, Director of Research and Club Service of the General Federation of Women's Clubs, is about to take up this matter of rising bread prices with Don Montgomery, Consumers' Counsel of the Agricultural Adjustment Administration.

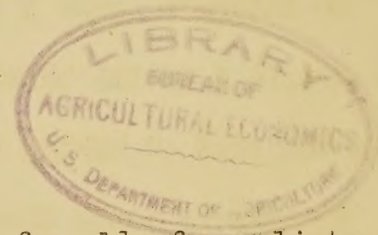
Consumers, here's Mrs. Doggett!

MRS. DOGGETT:

Good afternoon, consumers. I'm sure I speak for all of you listening when I say that this threatened increase in the price of bread is something in which we all feel a very sharp interest -- and a need of information. Personally, I'm going to add that after reading the press reports the net result is that I'm more confused than ever about the real facts in the case.

If other consumers are feeling the same confusion about whether or not this rise in bread prices is justified, they will be glad with me that we have Mr. Montgomery with us today to present the facts the way he as the Consumers' Counsel of the Agricultural Adjustment Administration has found them.

In order to be sure Mr. Montgomery has a chance to cover the subject as thoroughly as we want him to, I'm going to warn him beforehand just what questions we as consumers want answered by our Consumers' Counsel.



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Now, Mr. Montgomery, I'd like to review what we consumers have gathered from the news accounts about bread prices.

First, we heard that bread was to go up one cent a loaf because of increases in the cost of raw materials.

Then we read in the paper that the Secretary of Agriculture said that according to figures in the Department of Agriculture, an average increase of one half cent might possibly be justified, but there was no basis in their figures for stepping up the pound loaf a whole cent.

Then came a report that the President of the American Bakers' Association said that the price of flour and eggs and lard and sugar and butter and milk had gone up, and blamed these increases and the processing tax as making a higher bread price necessary.

In Sunday's paper I read the open letter from you as Consumers' Counsel of the Triple A to the bakers' association asking what these increased prices mean in the cost of making a loaf of bread.

The papers since then have seemed to promise that the argument is not over yet.

Now here are some things I hope you'll take into consideration when you present your report of the facts as you see them.

In the first place, millions of housewives depend on the bakers for their daily bread. I believe that most of these women who stop to think seriously about it are willing to play fair with the bakers as with the rest of the industry that provisions their homes. If the bakers have been suffering increased costs that are threatening to put them out of business, we want to know about them. We're willing as consumers to take these facts into consideration even if the increase deals a painful blow to slim food budgets.

So I think our first consumer question to the Consumers' Counsel

should be "Just what can you tell us about these new increases in cost of raw materials?"

I remember we were told two years ago that the bakers were operating on the narrowest margin on record between costs and retail price. After that, we all know that the retail price of bread went up an average of two cents on a pound loaf. We were given to understand that this two cents covered the processing tax, the higher costs of labor under NRA, and other higher costs. We as consumers now want to know what new increases in costs have come about since that 2-cent increase took effect, and how much these increases represent in a pound loaf of bread. I think consumers have a right to know just how much more it costs, than that two-cent increase will cover, to put into each loaf of bread the different amounts of these products to which the bakers ascribe the price rise -- the flour, the shortening, the milk, sugar and eggs.

The bakers are also pointing to the processing tax. I remember we were told that the processing tax amounted to one half cent on a pound loaf of bread when this tax was first imposed. Has this tax been changed since? Consumers naturally want to know if this tax now represents more than it did when it took its part in the two-cent increase in the price of bread which went into effect after this tax was imposed.

Well, Mr. Montgomery, I think you'll need every bit of our time to cover these questions. So from here on the microphone is yours.

MR. MONTGOMERY:

Before I start trying to answer your questions, Mrs. Doggett, I want to say this: That while consumers are certainly alarmed over the possibility of a general increase in the price of bread, it is not necessarily due to materialize. In fact, I am inclined to doubt that a general increase is in the cards.

Only this morning I received a telegram in answer to the letter you mentioned, which I had sent to the American Bakers' Association. In his reply the President of that association recognizes that bread prices are a completely localized matter, subject to widely varying factors.

I agree emphatically with the statement of the President of the American Bakers' Association that bread prices are a completely localized matter, and I want to urge consumers in all communities to regard it as a local responsibility to study their bread price situation. For that study consumers need the facts.

Frankly, we haven't got the facts on which to base large generalizations as to whether a price increase is justified or not. In order to know anything at all about how much bread-making costs have gone up, we would have to know more than we have the power to find out about the baking industry.

Most of the bakers quoted in the press recently seem to be explaining that it is the cost of ingredients that is making it necessary to raise bread prices. On other occasions bakers have stated that ingredients are an insignificant part of the price you pay for bread. This was their statement in 1930 when bread prices did not go down as much as wheat and flour prices went down.

But since now they are blaming ingredients for proposed increases, let's look first at these ingredient costs.

Not knowing what actually goes into all the bread that is sold, the best we can do is to take what seems to be a typical formula for a loaf of bread. With this supposedly typical formula, we can find out what each of the ingredients would cost.

Right there we run into the first question for bakers to answer. What does your baker put into the bread you buy? You can talk about bread and I can talk about bread, but what you mean may be a loaf made of flour and water and yeast, and what I mean may be a loaf which has in it malt, lard, sugar, salt, and milk. We're both talking about bread, but we're not talking about the same thing.

Because we don't know the actual ingredients of all the bread sold to consumers our Government figures have to deal with a theoretical formula that bakers may use and may not use.

Whatever formula your baker uses, you can assume that flour is the principal item in it. Bakers are talking most about increased flour costs. So let's take that one item.

Before discussing flour costs consumers should know that there are several grades and qualities of flour. The price of flour used by the baker has two parts: one has to do with grade and quality; the other with the processing tax.

What kind of flour does your baker use? The main bread flour is made from what they call 'hard' wheats. But some bakers are said to mix in some flour from soft wheat. We don't know what kinds of flours each baker uses. That's his trade secret.

But suppose every baker did follow a standard recipe that called for high grade flour made only of hard wheats. If they did, their flour costs for each pound loaf of white bread would be about one third of a cent higher now than it was a year ago. That is, of course, if they were buying flour from

day to day as they used it. But if they bought from millers on long term contracts they might be using flour that they had bought at lower prices than present quotations.

Now prices of certain types of flour are not going up so fast as others. It would seem a fair guess therefore that some bakers may be adjusting their bread formulae so as to use more flour of the kinds that have not increased so much in price. Bakers who did that would not feel the full burden of this one third cent per pound loaf increase in flour costs.

The other part of the price of a barrel of flour is the processing tax. The bakers say this tax has increased.

The processing tax was imposed on wheat on July 9, 1933. It was 30 cents a bushel then and it is 30 cents a bushel now. In the months immediately following the imposition of the tax, the retail price of bread went up, and went up by more than the amount of the tax and the increase in the price of flour that occurred at that time.

But millers now claim that because of the black rust which damaged much of the bread wheat this summer, it takes more wheat to make a barrel of flour and therefore the tax on a barrel of flour is greater. The tax is 30 cents on a bushel of clean wheat, no matter how much flour the miller may be able to get from that bushel of wheat. Naturally if it takes more bushels of wheat to make a barrel of flour, the processing tax amounts to more for each barrel of flour. But this extra tax would only lift the total cost of the flour if the miller paid farmers the same price for bushels of low-test wheat that he pays for the high-test wheat. From our information it looks as if the miller buys this low-test type of wheat at a discount -- at a discount at least large enough to offset the lower yield of flour, the extra cost of milling the lighter wheat and the processing tax on the extra wheat. This is another fact we need to clear up.

The next ingredient the bakers have mentioned as costing more is shortening. We don't know whether that item means lard or butter or vegetable shortening. We don't know which the bakers are using. Some breads don't call for any at all. I am told that a fair amount would be a third of an ounce in a pound loaf of white bread. If that is so, then shortening would have to increase a great deal in price for one-third of an ounce to make a noticeable difference in the cost of a loaf of bread. Suppose bakers use lard for shortening. Its cost now probably would be about one third of a cent for each loaf of bread as against one fifth of a cent a year ago. The difference is a little over one tenth of a cent on a pound loaf of bread.

Of course if bakers actually do have this extra cost, they must cover it somehow if they are to stay in business. But we have no way of knowing whether they have this cost or not. We are asking them for this information.

Another ingredient listed by the bakers as costing more is sugar. We estimate that the increase during the past year of the cost of sugar in a loaf of bread, is just about one one-hundredth of a cent.

Still using our typical formula -- and assuming bakers use it -- let's add up the increase on all ingredients. The biggest increase in ingredient costs we can possibly figure is 52 hundredths of a cent -- a little over half a cent -- on a pound of white bread this October over October a year ago.

I've tried to explain how many basic facts we lack, even for measuring just one part of bakers' costs -- the ingredients. I've not tried to deal with the other costs.

Take labor costs for instance. Are bakers employing as many people now as they did under the NRA? Are they paying them more or less? Are they producing as much bread?

Maybe bakers have other higher or lower costs and perhaps increases in some items are offset by decreases in others. We don't know. But we feel consumers have a right to know.

We are asking bakers to report these facts to us for summarizing and publication. We cannot insist on their granting our request, but we intend to deal with their problem fairly and we expect them to do the same to consumers.

We feel that it would not be fair for bakers to expect to increase their income any faster than the farmer and consumer incomes have increased. If they added one whole cent to the price of pound loaves of bread right across the country, the result, according to our average figures, would appear to be that the margin between bakers' ingredient costs and the retail price of a loaf of bread would be back up to where it was in the pre-depression 'prosperous' years. But farmers' incomes have not come up to this level yet, and neither have those of most urban consumers. Bakery labor also is getting less total income than before the depression, according to figures published by the Bureau of Labor Statistics. The level of total payrolls in the baking industry in August was 12 percent less than the average of the five years 1924 to 1929. More people had jobs in the industry -- some 4 percent over the earlier period. Yet the average weekly earnings per worker were 15 percent lower than the average in prosperity years. But bread consumption is reported to have declined also, and the labor cost per loaf may be either larger or smaller than it was then.

MRS. DOGGETT:

Thank you, Mr. Montgomery. I think you've given us a clear, straightforward statement of your position as Consumers' Counsel of the Triple-A on bread prices. Now you said that consumers could help their own situation by getting information on their own local bread situation. Could you tell us

quickly just what facts they should ask their baker for?

MR. MONTGOMERY:

That's a big question, Mrs. Doggett. I would suggest that those of you in consumers' organizations interested in this problem write in to our office and we will try to tell you the most important questions necessary to have answered in order to analyze the price of bread in any community.

MRS. DOGGETT:

That's a real service, Mr. Montgomery. Let me repeat so that no consumer or group of consumers interested in studying bread prices may miss this help...

Write to the office of the Consumers' Counsel, Agricultural Adjustment Administration, Washington, and ask for assistance in studying the bread price situation in your city. Remember the address -- Consumers' Counsel, Agricultural Adjustment Administration, Washington.

ANNOUNCER:

Thank you, Mrs. Doggett and Mr. Montgomery..... Consumers, you have just been listening to our regular Tuesday afternoon discussion of consumer problems. Mrs. Josephine Junkin Doggett, Director of Research and Club Service of the General Federation of Women's Clubs, interviewed Don Montgomery, Consumers' Counsel of the Agricultural Adjustment Administration, on the timely subject of rising bread prices.

Each Tuesday afternoon at this time we bring you this consumer period through the cooperation of the General Federation of Women's Clubs, the Consumers' Counsel of the Triple-A in Washington, and the National Broadcasting Company.

